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TO : Department of State, WASHINGTON

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FROM : Amembassy TRIPOLI

DATE: November 24, 1965

SUBJECT : Memorandum of Conversation.

REF :

There is enclosed a Memorandum of Conversation between the Ambassador and Dr. Ali ATTIGAH, Undersecretary, Ministry of Planning and Development.

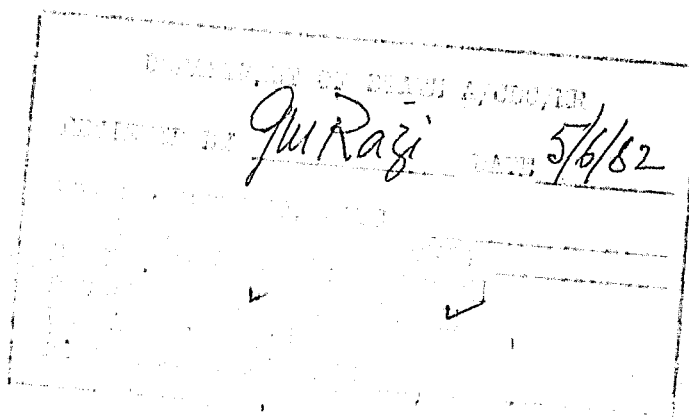
The major points raised during the conversation were (1) the work and future of the partially AID-financed advisers, (2) the former AID program, (3) present development problems, and (4) the current petroleum controversy.

For the Ambassador:

*Henry K. Heuser*

Henry K. Heuser  
Acting Deputy Chief of Mission

Encl. att. no. 10.



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## MEMORANDUM OF CONVERSATION

November 20, 1965

PARTICIPANTS: Dr. Ali ATTIGAH, Undersecretary for Planning and Development  
Ambassador David D. NEWSOM  
Mr. Henry K. HEUSER, Economic Counselor

During a two hour luncheon conversation, the following subjects were covered:

1. U.S. Advisors:

Dr. Attigah said that the U.S. advisors currently in Libya on partially AID-financed contracts, were in general proving very useful and he would like to see most of them continue. He could speak directly of the six who worked in his own Ministry of Planning and was acquainted, also, with the work of those in the Ministry of Industry. He was not acquainted with the work of Mr. Arriza, aviation advisor in the Ministry of Communications.

The advisors, he said, had made a slow start because the Libyan officials were not quite sure where to use them at the beginning. He referred particularly to the case of the city planning experts. They did not come in to their own until, at Dr. Attigah's suggestion, they were utilized in place of a proposed contract with German experts to draw up a plan for school construction in the Tripoli area. After the completion of this plan they were in great demand. He hopes they can remain to represent the Government in supervising contracts for city development, but he recognizes that some of them for personal reasons do not wish to stay beyond their present contracts. One man, Mr. Rupp, wants to stay until June, three months beyond his contract, and he hopes this can be arranged. Mr. Heuser felt there might be some available funds for this purpose.

Dr. Attigah said that he also found very helpful those who were working to help develop the second five year plan (Auble and Hellborn). He hoped they might remain for another two years until the work on the plan was completed. He naturally did not relish the idea of breaking in new men with new ideas and without the benefit of the experience in Libya at the midway point in the preparation of this plan.

The Ambassador said it had been the hope of the U.S. Government, when the present contract arrangements were made, that the Libyan Government, with its expanded resources, would be able to take over in full the contracts of those men it desired to keep. The U.S. AID program had phased out since those administering the program felt that they could not continue to justify U.S. tax dollars going to a country which had substantial resources of its own.

Dr. Attigah said he recognized this fact, but taking over the contracts as they stood presented the Libyan Government with a very difficult problem. The Libyan Government used as its base for the hiring of foreign advisors and experts the scale used by the United Nations. The maximum remuneration provided

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by the UN, including housing, allowances, and salary was approximately \$20,000 per annum. As an example of the problem, Dr. Attigah cited the proposal made by the Illinois Institute of Technology for a new contract, calling for the Libyan Government to pay the men's salaries, plus 25% plus \$3000 per month for backstopping, plus transportation and housing. The contract would thus cost the Libyan Government about \$35,000 per man in contrast with the \$20,000 UN maximum. Dr. Attigah also cited the cost of the English Language Service contract for English teaching as another example of the considerably higher US cost for experts who can be obtained at less from other sources. With 28 different nationalities working in the Ministry of Planning, he could not afford to pay one group this much more than all the others.

Dr. Attigah foresaw no problem regarding the retention of the European advisers now partially financed by AID, since their salaries are generally, though not in all cases lower than those of the Americans. (NOTE: The cost of the American advisers, including GOL contribution, holiday pay, and transportation of persons and things now vary all the way from \$14,500 to \$31,000. The average cost is in the vicinity of \$23,000 for the present group.)

The Ambassador asked whether this same problem of differential did not arise in the present situation when the men were "topped off" from another source. Dr. Attigah said there were occasional comments on the fact that the Americans were receiving more in total compensation and perquisites, but as long as the Government of Libya was not paying them more than the others, the problem was not serious. In response to a further question from the Ambassador, he said that a lump sum contract payment to an institution was difficult not only because the remuneration paid per man would be higher, but also because such contracts were so unusual in the Government of Libya that they stood out in reports and public records and therefore were subject to special scrutiny and comment.

The Ambassador said that he had understood Dr. Attigah might be able to work out an arrangement to keep Mr. Auble, the statistician whose services Dr. Attigah had found particularly valuable. Dr. Attigah said he had hoped to, but was running into the same problems he had just outlined in Auble's case as well.

The Ambassador said that he had no basis for believing that the United States would reverse its earlier decision not to continue its support for these advisers beyond the present contracts, but he would report what Dr. Attigah had said to see if there were any additional possibilities. He would give Dr. Attigah a definite "Yes" or "No" answer as soon as possible.

With respect to the advisers, the Ambassador promised Dr. Attigah that he would let him know Washington's reactions to the idea of some continued United States Government support of American advisers employed by the GOL.

The Ambassador asked Dr. Attigah whether Libya had need for senior advisers who could assist on the over-all plan, transcending the particular ministries. Dr. Attigah said this had not worked in Libya. He felt it better for the advisers to be at the Ministry level where their influence could be conveyed through normal channels to the National Planning Council.

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and the Council of Ministers. Even Pitt-Hardacre, he said, who is an Economic Adviser to the Prime Minister, is careful himself to work through the appropriate ministries in conveying his own advice and influence to the Prime Minister.

## 2. Former AID Program:

The Ambassador asked Dr. Attigah whether he had any comments on the former AID program in Libya. The Ambassador recognized that a very large portion of the U.S. assistance had gone to meet balance of payments deficits and therefore there was not as much visible evidence of the program as might otherwise have been the case. He had also heard various criticisms of the program, but would find it of interest to learn from Dr. Attigah which parts were now turning out to have been useful contributions. Dr. Attigah said that the most useful part was the school construction and the subsidization of teachers. This had given Libya an early base for educational expansion which was now turning out to be of great value. Useful work was also done in agriculture and public health. Water resources work was useful, but the short-term basis on which AID operated did not permit the development of longer-term major projects which would have brought some of the water problems under control. His one criticism was that AID expanded too rapidly in Libya; at one time the AID mission was larger than the entire Libyan Government and the Libyan Government found itself virtually a spectator while someone else did its work.

## 3. Present Development Problems:

Dr. Attigah described his primary development problem as a "race with time". He was referring to the need to demonstrate results from development before public pressures became too impatient. In this connection the Government faced the constant problem of whether to talk about its plans or to let the projects speak for themselves. At the start, Dr. Attigah had felt it better to let actions rather than words tell the story, but in doing this, one finds that because of the time such projects take to develop, people frequently have an idea that less is going on than is actually the case. On the other hand, if one talks about projects before their completion, people expect results earlier than can be the case. He mentioned two projects, flood control dams in the Wadi Mgamine (above Tripoli) and the Wadi Qubr above Benghazi which will take several years to complete and about which the Government is, therefore, saying nothing, although Yugoslav engineers are currently drawing up the engineering plans.

Another problem is that of getting the Libyans to work. The expectation of revenues is such that many expect the Government just to divide up the money and pass it out without their doing anything about it. Dr. Attigah said his own brother, a university student, had proposed this. Further, the Libyan has a certain status feeling about work and would rather be paid for doing very little as a government messenger than working hard as a construction laborer. He felt, however, that bringing labor from outside for

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relatively higher paying construction work might have a salutary effect on the attitude of local labor. Dr. Attigah and the Ambassador discussed the general question of the welfare state and whether it was wise, for example, to give away housing without requiring the recipient to pay something for it. Dr. Attigah felt it was not wise, but said that there were many who felt that the people should not be required to pay since they should benefit directly from the new wealth.

A further problem, according to Dr. Attigah, is the question of coordination among Ministers. Under the Libyan constitution, even the Prime Minister is only the first among equals. Ministers are, therefore, jealous of their prerogatives and coordination among them thus <sup>becomes</sup> a sensitive matter. The National Planning Council, consisting of the Prime Minister and the Ministers of Planning, Finance, National Economy, and Industries seeks to serve this function, but is only slowly becoming effective.

#### 4. Current Petroleum Controversy

Dr. Attigah, asked about the current discussion over the acceptance by Libya of the OPEC formula on discounts, said he believed Libya should promulgate the new law and get in step with the other oil producing countries. He said the independent companies operating in Libya <sup>were</sup> seeking credit for excessive discounts. Two years ago, he said, when visiting the Marathon Oil Company headquarters in Ohio, he had warned the company that it was heading for trouble by selling oil at excessive discounts. He said he believed good independent companies can continue to operate under the proposed revised law (which was promulgated that same evening), but Libya did not, in any case, want "marginal adventurers."

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